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Message Text

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44
ACTION EUR-12

INFO OCT-01 ISO-00 SAM-01 CIAE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02 OPIC-03

CIEP-01 LAB-04 SIL-01 OMB-01 /087 W
---------- 011021
R 161616Z AUG 76
FM AMEMBASSY LISBON
TO SECSTATE WASHDC 8218
INFO AMEMBASSY BONN
AMEMBASSY LONDON
AMEMBASSY MADRID
AMEMBASSY MOSCOW
AMCONSUL OPORTO
AMEMBASSY PARIS
AMCONSUL PONTA DELGADA
USMISSION NATO
DIA WASHDC
USCINCEUR VAIHINGEN GER

C O N F I D E N T I A L LISBON 5557

E.O. 11652: GDS
TAGS: PINT, PGOV, PO
SUBJ: POLITICAL DEVELOPMENTS: ASSEMBLY GRANTS
GOVERNMENT AUTHORITY

REF: (A) LISBON 5534 (DTG 131554Z AUG 76), (B) LISBON 5504
(DTG 121710Z AUG 76)

SUMMARY: THE GOVERNMENT WAS SUCCESSFUL IN SECURING AUTHORITY
FROM THE ASSEMBLY TO DECREE ECONOMIC AND TECHNICAL MEASURES
DURING THE SUMMER RECESS. IT DID NOT SEEK AUTHORITY TO
DECREE MAJOR ECONOMIC LEGISLATION. THE ASSEMBLY RESUMES
OCTOBER 6. MEANWHILE, THE GOP WORRIES ABOUT SPINOLA'S RETURN
AND THE OPORTO ARRESTS. RECENT FAR LEFT DEMONSTRATIONS
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AGAINST SPINOLA HAVE BEEN UNIMPRESSIVE, BUT GOVERNMENT

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LEADERS FEAR THAT THE OPORTO INVESTIGATION OF TERRORIST ACTIVITIES IS BEING MANIPULATED BY THE COMMUNISTS TO ATTACK PEOPLE IN HIGH PLACES. END SUMMARY.

1. ASSEMBLY GRANTS AUTHORITY: IN ITS AUGUST 13 CLOSING SESSION, THE ASSEMBLY OF THE REPUBLIC GAVE THE GOVERNMENT THE AUTHORITY IT REQUESTED TO LEGISLATE IN THE FOLLOWING AREAS: REVISION OF IMPORT TAXES; OTHER MINOR TAX REFORMS; URBAN LAND POLICY; MINOR CHANGES IN PUBLIC ADMINISTRATION; INCREASED AUTHORITY FOR LOCAL GOVERNMENTS ON HOUSING AND URBAN-IZATION; ESTABLISHMENT OF NEW CRITERIA IN SETTING INDEMNIFICATION OF EXPROPRIATED COMPANIES; CHANGES IN MINOR JUDICIAL PROCEDURES; AND IMPROVED MANAGEMENT OF HIGHER AND SECONDARY SCHOOLS TO ASSURE THEIR DEMOCRATI-ZATION AND LINKAGE TO THE CENTRAL ADMINISTRATION.
THE ASSEMBLY NAMED ITS PERMANENT COMMITTEE, WHICH WILL FUNCTION UNTIL THE ASSEMBLY REOPENS OCTOBER 6. IT IS COMPOSED OF THE (PS) ASSEMBLY PRESIDENT, THE FOUR ASSEMBLY VICE PRESIDENTS FROM EACH OF THE MAJOR PARTIES, TEN SOCIALIST DEPUTIES, SEVEN PPD DEPUTIES, FOUR CDS DEPUTIES, FOUR COMMUNIST DEPUTIES, AND THE ONE UDP DEPUTY.

2. OPORTOGATE CONTINUED: SOARES'S CABINET SECRETARY, CUNHA REGO, TOLD POLITICAL COUNSELOR AGUSUT 13 THAT GOVERNMENT WAS WORRIED ABOUT THE ARREST OF THE OPORTO POLICE CHIEF (REF A). THE PCP WILL USE THIS AFFAIR AS A MEANS TO ATTACK PEOPLE IN GOVERNMENT WHO HAD KNOW-LEDGEOF EXTRA-LEGAL ANTI-COMMUNIST ACTIVITIES DURING THE PERIOD PRIOR TO THE NOVEMBER 25 COUP ATTEMPT. CUNHA REGO SAID THE JUDICIAL POLICE, WHO ARE RESPONSIBLE FOR THE INVESTIGATION, ARE INFILTRATED BY THE COMMUNISTS.

3. PROTESTS AGAINST SPINOLA RETURN: THE FORMER PRESIDENT TESTIFIED AT THE ARMED FORCES GENERAL STAFF AUGUST 13. SPINOLA'S LAWYER SAID AFTERWARDS HIS CLIENT WAS FREE WITHOUT RESTRICTIONS. THE FOLLOWING PROTESTS AT SPINOLA'S RELEASE WERE HELD OVER THE WEEKEND:

-- LISBON: ABOUT FIVE THOUSAND GDUP "POPULAR POWER"
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DEMONSTRATORS HELD A PEACEFUL MARCH ON THE PRIME MINISTER'S RESIDENCE AUGUST 13. GDUP SPEAKERS ATTACKED SPINOLA, PRESIDENT EANES, PRIME MINISTER SOARES, AND AMBASSADOR CARLUCCI.
-- OPORTO: SEVERAL THOUSAND GDUP DEMONSTRATED IN OPORTO AUGUST 13.
-- BEJA: THE PCP ORGANIZED AN INDOOR RALLY TO PROTEST SPINOLA'S RELEASE.

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4. AZORES AND MADEIRA MINISTERS: PRESIDENCY ANNOUNCED AUGUST 14 THAT GEN GALVAO DE FIGUEIREDO HAD BEEN NAMED MINISTER OF THE REPUBLIC FOR THE AZORES AND COL LINO DIAS MIGUEL MINISTER OF THE REPUBLIC FOR MADEIRA. FIGUEIREDO'S NOMINATION HAD BEEN EXPECTED (REF B), BUT MIGUEL, A PILOT CURRENTLY TEACHING AT THE AIR FORCE SCHOOL IN SINT, IS NOT WELL KNOWN. MIGUEL, 39 YEARS OLD, ENTERED THE AIR FORCE IN NOVEMBER 1955 AND WAS PROMOTED TO COL IN JANUARY 1974.

5. MSD BECOMES PSD: THE SOCIAL DEMOCRATIC MOVEMENT (MDS) ANNOUNCED AUGUST 13 THAT IT WOULD FORMALLY BECOME A POLITICAL PARTY -- PARTIDO SOCIAL DEMOCRATICO (PSD) -- IN ORDER TO COMPETE IN THIS FALL'S MUNICIPAL ELECTIONS. FORMER MINISTER OF SOCIAL AFFAIRS SA BORGES, FORMER SECRETARY OF STATE FOR FINANCE ARTUR SANTOS SILVA, AND JOSE AGUSTO SEABRA SPOKE ON BEHALF OF THE MSD, WHICH WAS FORMED BY PPD DISSIDENTS AFTER THE DECEMBER 1975 PPD SPLIT.

6. COMMENT: THE AUTHORITY TO REVISE THE IMPORT SURCHARGE AND TO SET INDEMNIFICATION WAS THE MOST IMPORTANT AUTHORITY SECURED BY THE GOVERNMENT. MINISTER OF TRANSPORTATION RUI VILAR ACKNOWLEDGED TO ECON COUNSELOR THAT OPINION WITHIN THE GOVERNMENT WAS DIVIDED OVER HOW FAR ITS INTERIM LEGISLATIVE AUTHORITY REACHED. THE ASSEMBLY'S PERMANENT COMMITTEE WILL BE FOLLOWING THE GOVERNMENT'S ACTIVITY CLOSELY DURING THE RECESS, AND HAS THE AUTHORITY TO CONVOKE THE FULL ASSEMBLY AT ANY TIME.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLITICAL SUMMARIES
Control Number: n/a
Copy: SINGLE
Draft Date: 16 AUG 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ShawDG
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976LISBON05557
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760314-0603
From: LISBON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760851/aaaabrto.tel
Line Count: 145
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 76 LISBON 5534, 76 LISBON 5504
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 04 MAR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <04 MAR 2004 by morefirh>; APPROVED <24 AUG 2004 by ShawDG>
Review Markings:

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US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: POLITICAL DEVELOPMENTS: ASSEMBLY GRANTS GOVERNMENT AUTHORITY
TAGS: PINT, PGOV, PO
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006